

U.S. Department of
Homeland Security

United States
Coast Guard



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COMDTNOTE 7101
07 OCT 2003

COMMANDANT NOTICE 7101

CANCELLED: 31 MAR 2004

Subj: SELECTED DELIVERABLES FOR FISCAL YEAR 2003 FINANCIAL STATEMENTS

Ref: (a) Financial Resource Management Manual (FRMM), COMDTINST M7100.3B

1. PURPOSE. This Notice highlights certain procedures for the preparation and submission of the fiscal year 2003 Coast Guard financial statements that are required by the Chief Financial Officers (CFO) Act of 1990, as amended by the Government Management Reform Act of 1994, and as detailed in reference (a).
2. ACTION. Area and district commanders, commanders of maintenance and logistics commands, commanding officers of headquarters units, assistant commandants for directorates, Chief Counsel, and special staff offices at Headquarters shall ensure compliance with the provisions of this Notice. Internet release authorized.
3. DISCUSSION.
 - a. In developing the CFO Act, the Congress expressed concern that the Government was losing a significant amount of resources to fraud, waste and abuse. The rigorous requirements of the CFO Act were designed to mitigate those costs through improved internal controls, and to heighten the quality of Government decision-making by providing more organizational visibility through timely, accurate, standardized financial statements.
 - b. The CFO Act, as amended by the Government Management and Reform Act, requires that these statements be audited, and that our submission reflects both financial and programmatic results for all Coast Guard appropriations, as well as revolving funds and trust funds.

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- c. On 1 March 2003, the Coast Guard became one of the bureaus within the newly formed Department of Homeland Security (DHS). As such, many changes have occurred that are having a direct impact on the FY 03 audit process: There are new auditors, new audit procedures and accelerated financial reporting schedules. The bottom line for the FY 03 audit process is one of challenge and change, which will result in, increased workload Coast Guard-wide. The challenges and changes will result in new processes and procedures, as well as, new ways for financial reporting. As always, our challenge is to continue to monitor and improve our financial systems, standards and internal controls to ensure audit success in fiscal year 2003 and beyond.
- d. The Office of Management and Budget (OMB) has established an accelerated submission schedule for agency financial statements. Accordingly, the fiscal year 2003 DHS financial statements are scheduled to be released to the President, OMB Director, and others on 14 November 2003. This accelerated deadline has resulted in across-the-board deadline changes for the fiscal year 2003 financial statements. Several of the due dates listed on Enclosure 1 have already lapsed. In those instances, verbal notification was given to the action office prior to the due dates.

e. Management Discussion and Analysis (MD&A):

- (1) The Management Discussion and Analysis (MD&A) is a key part of any financial statement. Its purpose is to help those who use the financial statements understand the Coast Guard's financial condition and operating results. In accordance with OMB Bulletin No. 01-99, the MD&A will discuss, at a minimum, the Coast Guard's mission and organizational structure, its program and financial performance goals, objectives, and results, as well as an assessment of its systems, controls, and legal compliance. Program and financial results should be expressed in terms of objective, relevant measures that disclose the extent to which the Coast Guard's programs are achieving their intended objectives. The MD&A may also include forward-looking information about the possible effects of anticipated future demands, events, conditions, and trends. Performance information appearing in the MD&A should be consistent with information appearing in performance plans and reports and budget documents.
- (2) Along with its principal statements and related footnotes, the Coast Guard will submit an MD&A with the most significant programmatic and financial performance measures to DHS. Performance information to be included in this MD&A shall be gleaned from the Coast Guard's FY 2003 budget submission and the FY 2003 CG Performance Plan. This year's report must be a combined performance and accountability report. It must include the Annual Performance Report required by the Government Performance and Results Act (GPRA), as well as the annual Coast Guard financial statements and other reports.

4. RESPONSIBILITIES. (See enclosure (1) for specific deadlines)

- a. Commandant (CG-8(d)), Deputy Assistant Commandant, U.S. Coast Guard Chief Financial Officer/Chief Procurement Officer Planning, Resources and Procurement. Provide complete, reliable, timely and responsive financial information to meet statutory and regulatory requirements.

- b. Commandant (CG-84).
 - (1) Coordinate the overall submission effort for the Coast Guard's annual CFO statements. Work closely with the appropriate OIG audit team in the process.
 - (2) Conduct follow-up as indicated on CFO audit corrective action plan. Act as an internal Coast Guard consultant as needed.
 - (3) Provide information regarding critical milestones that must be met in order to publish the Coast Guard's financial statements.
 - (4) Ensure necessary financial and accounting policies are promulgated to support preparation of the annual financial statements.
 - (5) Coordinate with Commandant (CG-81) to develop a MD&A, using the general criteria summarized in paragraph 3.e. above and as specifically detailed in OMB Bulletin No. 01-99.
- c. Commandant (CG-81). Develop information regarding the Coast Guard's programmatic performance and related financial impact. Coordinate with Commandant (CG-84) on the inclusion of this data in the Coast Guard's MD&A presentation.
- d. Commandant (CG-85). Ensure that each Chief of the Contracting Office (COCO) initiates action to clear outstanding unexpended account balances, especially those with appropriations due to close by 30 September. Based on responses from the contracting offices, the FINCEN will record a validation, an accrual for any items or services that have been received but have missing or in-transit billings, or a deobligation that closes the action.
- e. Commandant (G-LCL). Based upon central research conducted within the legal community and any requests for opinions on potential contingent liabilities presented by Appropriation/Fund/Program Managers, provide a consolidated "legal letter" to the DHS Inspector General with a copy to the DHS Office of Financial Management regarding the extent/potential for claims and litigation, and the likely outcome.
- f. Coast Guard Finance Center (FINCEN).
 - (1) In coordination with Commandant (CG-84), work with other DHS personnel to assure that the OMB statement requirements are incorporated into designated financial systems.
 - (2) Compile and forward on a timely basis the required Coast Guard financial statements and related information to the affected fund managers and DHS.
- g. Inventory Control Points/Coast Guard Yard.
 - (1) Provide timely Federal Agency Centralized Trial Balance System II (FACTS II) general ledger crosswalk to FINCEN.
 - (2) Provide timely and accurate financial statement input to FINCEN for consolidation.

- (3) Assist affected appropriation/fund managers in developing and subsequently executing corrective action plans.
- h. Appropriation, Trust/Revolving Fund and Program Managers.
 - (1) Evaluate actual closeout results against the project/AFC manager's closeout projections, taking corrective action where necessary.
 - (2) Based on available information and any input from the auditors, prepare a management representation letter for the involved appropriation/fund which affirms the accuracy of the financial and management information presented in the related CFO Statements, including footnotes and overviews. Forward the representation letter to the Director of Finance, Procurement and Internal Security via Commandant (CG-84) in accordance with the timeline in enclosure (1).
 - (3) If required by the lead auditor, certify in writing, via the CFO, that the annual Confidential Financial Disclosure Reports have been reviewed and approved.
 - (4) For issues under their direct responsibility, develop and implement a timely corrective action plan to address discrepancies identified during the DHS audit of the annual CFO Statements.
- i. AFC Managers for centrally managed Allotment Fund Codes (i.e. AFC 01, 08, 20, 56, and 57) and Project Target Officers for centrally managed projects (within G-A, G-S, G-M, G-W and G-O). Provide FINCEN with year-end accounts payable accruals for inclusion in the annual CFO Statements. Examples of items to be included are Project Management Data Sheets, medical liabilities, CHAMPUS claims, travel claims, and household moves (specific description of accrued liabilities will be provided by Commandant (CG-84) staff).
5. PROCEDURES. A specific timeline of critical events affecting the FY 2003 CFO Statement development is provided in enclosure (1).
6. FORMS. None.

R. S. HOROWITZ /s/
Deputy Assistant Commandant, U.S. Coast Guard
Chief Financial Officer/Chief Procurement Officer
Planning, Resources and Procurement

Encl: (1) Financial Statement and Audit Preparation Plan

Enclosure (1) COMDTNOTE 7101

Financial Statement and Audit Preparation Plan

ACTION ITEM	ACTION OFFICE	RECEIVING OFFICE	DUE DATE
Submit unadjusted DAFIS pre/post closing trial bal.TIER data to DHS	FINCEN	DHS	10/14/2003
Provide draft narratives for MD&A strategic goals and Management Challenges/High-Risk areas	CG-81	DHS	9/19/2003
Provide performance measures draft "explanations for shortfalls"	CG-81	DHS	9/19/2003
Identify contact and Treasury Fund Symbol information for FACTS II	FINCEN	Treasury	9/20/2003
Closeout DAFIS/ICPs	FINCEN/ICPs	FINCEN	9/30/2003
Submit Year End Electronic Trial Balance Files	ICPs	FINCEN	10/1/2003
Final Financial Statements Due	FINCEN/CG-84	DHS	10/27/2003
Submit shore and shipboard OM&S data	CG-SLS	CG-84/FINCEN	10/2/2003
Submit inventory balances and reconciliation	AR&SC and ELC	CG-84/FINCEN	10/2/2003
Submit inventory balances	Air Sta Washington	CG-84/FINCEN	10/2/2003
Submit EC&R remediation and cleanup data	CG-SEC	CG-84/FINCEN	10/2/2003
Submit data on unadjudicated claims	CG-LPL	FINCEN	10/2/2003
Submit all personnel related accrued liability data	CG-WR	CG-84/FINCEN	10/2/2003
Submit actuarial pay and health liability data	CG-WR	CG-84/FINCEN	10/2/2003
Register and verify Note Preparers and backups with FMS	FINCEN/CFS	Treasury	10/3/2003
Provide final narratives for MD&A strategic goals and Management Challenges/High-Risk areas	CG-81	DHS	10/3/2003

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Submit initial Period 12 data to TIER	FINCEN	Treasury	10/20/2003
Submit Notes (non-SGL compliant), Supplemental Information, and Other Accompanying Information	FINCEN/CG-84	DHS	Initial 10/14/2003 Final 10/27/03
Submit final FMFIA/FFMIA assurance statements	CG-82	DHS and OIG	Initial 9/30/2003 Final 10/17/2003
Provide final certified Department-wide and Government-wide elimination entry data through Web TIER elimination reports (TEP and FAER)	FINCEN/CG-84	Treasury	Initial 10/20/03 Final 10/27/03
Provide performance measures final "explanations for shortfalls"	CG-81	DHS	10/22/2003
Provide final comments on draft Performance and Accountability Report	CG-81	DHS	10/22/2003
Provide bureau management representation letters	CG-84	DHS	10/24/2003
Submit financial TIER trial balance data for statements and notes	FINCEN	DHS	10/27/2003
Submit final Adjusted Trial Balance data (final Period 12), which incorporates all final audit adjustments, to TIER for preparation of final consolidated financial statements.	FINCEN	Treasury	10/27/2003
Submit financial supplementary & stewardship info	CG-84	DHS	10/28/2003
Submit final Notes to the financial statements, Required Supplemental Information and Other Accompanying Information, and MD&A	CG-84	DHS	10/28/2003
Submit Final Financial Statement Package	CG-84	DHS	10/30/2003
Statements to Approp/Fund Mgrs	FINCEN/Yard/CGA	CG-84	10/30/2003
Submit Period 13 data for FACTS II edit checks. (Note: FACTS II windows opens 10/22/03)	FINCEN	Treasury	11/07/03

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Certify funds passed FACTS II edit checks	FINCEN	Treasury	11/07/03
Submit SF-2108s and SF-133s (FACTS II)	FINCEN	Treas/OMB	11/7/2003
Provide Legal Representation Letter	CG-84/LGL	DHS	10/20/2003
Route Draft Audit Rpt/Findings	CG-84	G-CCS/Fincen	TBD
Submit CG Mgmt Representation Letters	CG-84	DHS	TBD
OIG final audit adjust, draft findings & rpt	OIG	CG-8(d)/FINCEN	TBD
Final Retiree Actuarial Liability Report	G-WR	CG-84	TBD
Submit Fund Mgrs Representation Letters	Fund/Approp Mgr	CG-84	TBD
Submit draft performance measure	CG-81	CG-84	TBD
Submit CG management discussion & analysis	CG-8(d)/CCS	DHS	TBD
Draft Retiree Actuarial Liability Report	CG-WR Actuary	OIG Actuary	10/02/2003
Identify and report needed MAF revisions		CG-84	TBD